

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 1872-01
BILL NO.: HB 719
SUBJECT: Corporations; Taxation and Revenue-General, Income, Sales and Use
TYPE: Original
DATE: April 10, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Various State Funds	Unknown	Unknown	Unknown
Total Estimated Net Effect on <u>All</u> State Funds*	UNKNOWN	UNKNOWN	UNKNOWN

* Increase in tax collections is expected.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	UNKNOWN	UNKNOWN	UNKNOWN

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

In a previous similar proposal, officials of the **Department of Revenue (DOR)** stated this legislation eliminates the problems caused by the Jones v. Director of Revenue case which would allow a responsible party in the sales and withholding areas to be relieved of responsibility if they filed only and did not pay the tax. DOR staff stated this proposal would not administratively impact their agency, but the revenue impact of this proposal is unknown.

Oversight assumes, for purposes of this fiscal note, this proposal would increase corporate income tax and sales tax collections. This amount is unknown, therefore Oversight will reflect the revenue impact of this proposal as a positive unknown to various state and local funds.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
VARIOUS STATE FUNDS	UNKNOWN	UNKNOWN	UNKNOWN
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
VARIOUS LOCAL FUNDS	UNKNOWN	UNKNOWN	UNKNOWN

FISCAL IMPACT - Small Business

This proposal could result in more tax assessments against corporate officers. Although the incorporated small business would not be impacted, the officers could be.

DESCRIPTION

This bill requires that any officer, director, statutory trustee, or employee of a corporation be personally assessed for corporation income taxes owed if the corporation either fails to file a return or fails to pay the amount of tax on the tax return for corporate income tax purposes.

Current law only allows the personal assessment if the corporation both fails to file and fails to pay. The bill also specifies that the mailing of a sales/use or income tax assessment to an officer, director, statutory trustee, or employee of a corporation is sufficient notice of the deficiency to the corporation.

DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCE OF INFORMATION

Department of Revenue

A handwritten signature in black ink, appearing to read "Jeanne Jarrett".

Jeanne Jarrett, CPA
Director

April 10, 2001